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ABSTRACT

The 1996 Personal Responsibility and Work Opportunity Reconciliation Act gave American Indian and Alaska Native tribes the option to administer Temporary Assistance for Needy Families (TANF) programs either alone or in a tribal consortium. The law also granted tribal TANF programs more flexibility in program design than it gave to state programs. This report to Congress discusses economic conditions on reservations and implementation of tribal TANF programs. Surveys and interviews were conducted with tribal, state, and federal officials. Despite tribal efforts to stimulate economic development, unemployment and poverty rates remain high on reservations. Prospects for economic growth may be limited because many reservations lack key factors such as a skilled workforce and access to markets. Nationally, the number of American Indian families receiving TANF declined in recent years, but in some states, American Indians represent a large share of state caseloads. Some reservations report increasing caseloads, due in part to lack of job training and child care and to strong family and community ties that impede relocation. To date, 174 tribes have TANF programs. Some tribes have used their flexibility to define a wide spectrum of work activities to accommodate recipients' training needs and cultural traditions. Most tribes devoted TANF funds to job training, work experience, and job search activities. Tribal program implementation and administration were hindered by inaccurate data on clients, lack of technological infrastructure, lack of experience in program administration, and lack of easy access to the strategies of other tribes. Appendices describe methodology and list tribal TANF programs and types of allowed work activities. (Contains 18 data tables and figures.) (SV)

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United States General Accounting Office

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Report to Congressional Requesters

ED 467 543

July 2002

WELFARE REFORM

Tribal TANF Allows Flexibility to Tailor Programs, but Conditions on Reservations Make it Difficult to Move Recipients into Jobs

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Abbreviations

AFDC	Aid to Families with Dependent Children
BIA	Bureau of Indian Affairs
HHS	Department of Health and Human Services
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
TANF	Temporary Assistance for Needy Families

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United States General Accounting Office
Washington, DC 20548

July 5, 2002

The Honorable Max Baucus
The Honorable Jeff Bingaman
The Honorable Kent Conrad
The Honorable Tom Daschle
The Honorable Daniel K. Inouye
United States Senate

Recognizing the sovereignty of American Indian and Native Alaskan tribes,[1] the Congress included provisions in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) that give tribes the option to administer Temporary Assistance for Needy Families (TANF) programs either alone or as part of a consortium with other tribes rather than receiving benefits and services from state TANF programs. Because of the difficult economic circumstances on many reservations, the law also gives tribal TANF programs more flexibility than it gives to states to design their programs to meet TANF requirements. To date, the Secretary of Health and Human Services (HHS) has approved 36 tribal TANF programs, which serve over 170 tribes. These programs are still in the early stages of implementation; half of the programs have been operating for fewer than 3 years.

Although the welfare population, in general, and state TANF programs have been widely studied, less is known about TANF recipients who are American Indian, or about tribal TANF programs. To assist the Congress in its deliberations concerning the reauthorization of PRWORA and in its assessments of various proposals for changing the tribal TANF provisions in the act, this report provides information on (1) the economic conditions and the prospects for economic growth on reservations;[2] (2) how the number of American Indians receiving TANF assistance has changed in both state and tribal programs since the welfare reform law was enacted; (3) how tribes have used the flexibility in PRWORA in administering tribal TANF programs; and (4) challenges tribes face in implementing their tribal TANF programs.

[1] In this report, the term m American Indians refers to both American Indians and Alaska Natives.

[2] In this report, the term "reservation" refers to all types of tribally owned land.

To obtain this information, we mailed a questionnaire to the TANF program directors in each of the 34 states where at least one federally recognized Indian tribe is based, the 36 tribal TANF programs, and the remaining 334 federally recognized tribes.[3] We received responses from all 34 states (100 percent), from 28 of the 36 tribes with TANF programs (78 percent), and 124 of the 334 tribes (37 percent). Because of the relatively low number of tribes responding, the results of our survey cannot be generalized beyond the experiences of those tribes that responded.[4] We also met with tribal leaders and program officials of 12 tribes in 5 states—Arizona, Idaho, Montana, North Dakota, and South Dakota—as well as state TANF officials in those states. Finally, we interviewed representatives of American Indian organizations, as well as federal officials from HHS' Administration for Children and Families and the Department of the Interior's Bureau of Indian Affairs (BIA). We conducted this review in accordance with generally accepted government auditing standards. (See app. I for a more detailed description of our scope and methodology.)

Results in Brief

Tribes have used various strategies to stimulate economic development, but despite these efforts, unemployment and poverty rates on reservations remain high and prospects for economic growth may be limited. To improve economic conditions on reservations, tribes operate enterprises in a range of commercial sectors. While some tribes encourage private companies owned by nonmembers to locate on their reservations, 87 tribes reported on our survey that they place more emphasis on promoting tribally owned enterprises. However, not all tribally owned enterprises generate substantial revenues. For example, contrary to the common perception that all tribally owned casinos are highly profitable, few are lucrative. Despite the tribes' efforts to stimulate the economy on reservations, most Indians living on reservations are poor and unemployment rates are high. Fifty-seven tribes with reservations reported

[3] We also sent surveys sent to the presidents of Alaska Native regional nonprofit corporations. PRWORA limits the entities in the state of Alaska that may operate a TANF program. The Metlakatla Indian Community of the Annette Islands Reserve and the 12 Alaska Native regional nonprofits are the only eligible entities.

[4] It should be noted that not all respondents to the survey answered every survey question because not all questions applied to every respondent, and some respondents chose not to answer one or more of the questions that did apply to them. As a result, there were often fewer answers to individual survey questions than the total number of respondents to the survey.

that at least half of all families living on their reservations had incomes below the federal poverty level. Prospects for improving the economic conditions of families living on reservations may be limited because many reservations lack some of the key factors shown to be associated with economic growth, for example, a skilled workforce and easy access to markets.

Nationally, the number of American Indian families receiving TANF assistance has declined in recent years; however, in some states, American Indians represent a large and increasing share of the state TANF caseload. Furthermore, on some reservations, caseloads have remained constant or even increased: 49 tribes with reservations reported that their caseloads had stayed the same or increased over the past few years. Reasons for this trend include the scarcity of jobs on reservations; the difficulty residents have accessing work supports they need, for example, job training and child care; and cultural or religious ties to tribal lands and strong ties to families and communities that make it difficult for many American Indians to relocate. In addition, like many other TANF recipients, many American Indian TANF recipients have characteristics such as low education levels and few job skills, which can make it difficult for them to get and keep those jobs that are on reservations.

To date, 174 tribes, either alone or as part of a consortium, are administering their own TANF programs and have used the flexibility in PRWORA to tailor their tribal TANF programs to meet TANF requirements. Some tribes have taken advantage of provisions that allow them to define a wide spectrum of work activities to accommodate the training needs and cultural traditions of their recipients. For example, to encourage family formation, the Confederated Salish and Kootenai tribes allow parenting and family strengthening activities to count as a work activity. Tribal TANF programs have also used the flexibility in the law to set their own work participation rate requirements, time limits, and eligibility rules. Like states, the tribal TANF programs have also used their flexibility to determine what work supports to provide to tribal recipients. For example, the majority of tribes responding to our survey devoted TANF funds to job training, work experience, and job search activities.

Tribes have faced a number of challenges in implementing tribal TANF programs. Many tribes have found that TANF caseload and unemployment data on American Indians is inaccurate, complicating the determination of TANF grant amounts for tribal programs and making it difficult to design and plan such programs. Tribes also lack infrastructure, such as automated information systems, to administer their programs efficiently—

infrastructure states already had from administering previous welfare programs. Tribes have had to rely on contributions from a variety of different sources in addition to their basic TANF grants to cover tribal TANF start-up costs and ongoing operating expenses. Finally, because tribes lack experience administering welfare programs, they have turned to both states and the federal government for assistance. However, tribes have not received assistance in conducting feasibility studies that will allow them to make informed decisions about administering tribal TANF programs, nor do they have easy access to information about strategies other tribes have used to engage recipients in productive work activities given the economic conditions on reservations.

Tribal TANF programs are still in their early stages. So, it is not yet clear whether the flexibility in program design provided to tribal TANF programs alone will enable them to achieve TANF requirements given the economic conditions on reservations. Consequently, we are recommending that the Secretary of the Department of Health and Human Services provide more assistance to tribes to ensure that they have the information they need to make informed decisions regarding whether it is feasible to administer tribal TANF and can draw on the experiences of other tribal programs in designing their own programs.

Background

The Congress passed PRWORA in 1996, making sweeping changes to national welfare policy and placing new emphasis on the goal of work and personal responsibility. The Congress recognized the unique economic hardship facing the 40 percent of American Indians living on reservations with high unemployment by effectively extending the law's 60-month time limit on receipt of TANF cash assistance.[5] Furthermore, the act gave federally recognized American Indian tribes the option to administer their own TANF programs either individually or as part of a consortium, an option they did not have in the past. (See app. II for a list of tribal TANF programs and a map showing their locations.) Under the Aid to Families With Dependent Children (AFDC) Program, the precursor to TANF, tribal members enrolled in state welfare programs.

[5] PRWORA exempts any month from counting toward an individual's time limit if that individual is living on a reservation with a population of at least 1,000 and an unemployment rate of 50 percent or greater, whether they are enrolled in a tribal or state TANF program. Most states use the biennial statistics maintained by BIA.

Under PRWORA, tribes implementing their own TANF programs have greater flexibility than states in some areas. For example, for state programs, PRWORA sets numerical requirements for the percentage of adults to be participating in work activities and specifically defines the approved work activities that count for the purposes of meeting these federal participation rates.[6] The law set minimum requirements for state work participation rates at 25 percent in fiscal year 1997, increasing to 50 percent in fiscal year 2002. In contrast, tribes can set their own participation rate requirements and may define work activities more broadly, subject to approval from HHS. Finally, while states must adhere to a federal time limit on cash benefits of 60 months or less, tribal programs can set their own time limits on welfare-related services, which includes cash benefits. Tribes have the same flexibility as states to set their own eligibility requirements and to determine what policies will govern mandatory sanctions for noncompliance with program rules. Tribes and states also have the same flexibility to determine what types of work supports, such as child care, transportation, and job training, they will provide to recipients.

Some of the requirements to which tribal TANF programs are subject differ from those to which states are subject. For example, eligible tribes must submit a 3-year tribal TANF plan directly to HHS for review and approval; HHS does not approve states' plans, though it certifies that they are complete. Unlike states, whose TANF grants are based on the highest of three possible funding formulas, tribal grants must be based on the amount the state spent in fiscal year 1994 for all American Indians residing in the tribe's designated service area. In addition, tribes are not eligible for several sources of additional TANF funding that were originally provided for the states. These include performance bonuses, a population/poverty adjuster (for high-population/low-spending states), and a contingency fund for states experiencing economic downturns. Finally, whereas a state can receive a caseload reduction credit, which reduces its work participation rate requirement when its caseload falls, tribes are not eligible to receive caseload reduction credits.

[6] Approved activities include: unsubsidized employment, subsidized private or public sector employment, work experience, on-the-job training, job search and job readiness assistance, community service programs, vocational educational training, job skills training directly related to employment, education directly related to employment, satisfactory attendance at a secondary school or a course of study leading to a certificate of general equivalence, or the provision of child care services to an individual who is participating in a community service program.

The relationships of tribal TANF programs and state governments can be ambiguous under the law. States have the option to include families being served by tribal TANF programs or a tribal work program in their own calculations of state TANF participation rates. Although states have no formal role in the Tribal TANF plan approval process, tribes can enter into partnerships with the states for additional funding and coordination of services. However, the law is clear that the amount of the tribal grant is subtracted from the state's total grant, and the state's maintenance-of-effort (MOE) requirement is also reduced by a corresponding amount. [7] In addition, tribes have the option to "retro-cede" their program by returning it to the state, although no tribe has yet exercised this option.

According to the 2000 Census, about 2.5 million U.S. residents identify themselves as solely of American Indian or Alaska Native origin. Furthermore, 1.6 million members are enrolled in about 560 federally recognized tribes. American Indians are disproportionately poor. The Census Bureau reports that during the period 1998 to 2000, about a quarter of American Indians lived in poverty, more than double the rate of people of all races.

Under U.S. law, federally recognized American Indian tribes—sometimes referred to as nations, bands, pueblos, communities, rancherias, or villages—are sovereign governments. The federal government has financial obligations to tribes on the basis of treaties and overall trust responsibility. As officially recognized sovereign entities, many tribes have increasingly taken control of programs that serve tribal members. These efforts have been supported by laws such as the Indian Self-Determination and Education Assistance Act (P.L. 93-638), which permits the federal government to contract with tribes to administer many services provided to tribal members.

[7] To receive a TANF block grant, each state must meet a MOE requirement, under which it must spend at least a specified amount of its own funds. Under AFDC, state funds accounted for 45 percent of total federal and state expenditures. Under PRWORA, the law requires states to sustain 75 to 80 percent of their fiscal year 1994 level of spending on welfare through the MOE requirement.

Despite Tribes' Economic Development Efforts, Economic Conditions on Reservations Remain Poor, and Tribes Lack Some Key Factors for Economic Growth

Tribes have used various strategies to stimulate economic development; however, unemployment and poverty rates remain high on reservations. To improve the economy on reservations, tribes own many types of enterprises.[8] Despite these efforts, most Indians living on reservations are poor, and many tribes lack some of the key factors research has shown to be associated with economic growth on reservations.

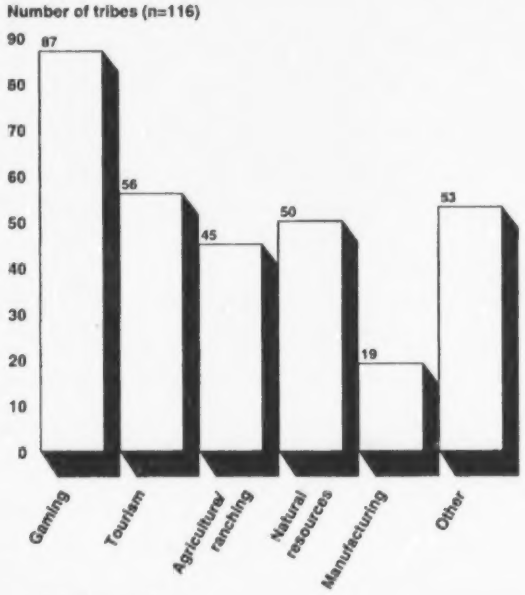
Tribes Primarily Rely on Developing Tribally Owned Enterprises to Stimulate the Economy on Reservations

Although some tribes encourage private companies owned by nonmembers to locate on their reservations, many tribes responding to our survey question place more emphasis on developing tribally owned enterprises. Eighty-six tribes responding to our survey question reported that they place more emphasis on promoting tribally owned enterprises than on encouraging private companies owned by nonmembers to locate on reservations.

Tribes have launched their own enterprises in a number of sectors, which could include gaming, tourism, manufacturing, natural resources, and agriculture or ranching (see fig. 1). Of the tribes with enterprises that responded to our survey question, 21 have enterprises that are concentrated in a single sector and 94 have enterprises in more than one sector.

[8] See U.S. General Accounting Office, *Economic Development: Federal Assistance Programs for American Indians and Alaska Natives*, GAO-02-193 (Washington, D.C.: Dec. 21, 2001) for information on federal economic development programs for tribes and tribal members.

Figure 1: Number of Tribes That Reported Owning an Enterprise



Note: Tribes can own enterprises in multiple sectors.

Source: GAO survey of tribes.

In establishing enterprises, some tribes have drawn on their cultural and land-based resources, others have concentrated on providing goods and services to those living on the reservations, while still others have embraced new technologies. The Nez Perce tribe in Idaho, historically known for breeding Appaloosa horses, generates revenue for the tribe by selling horses that they have crossbred between the Appaloosa and Akhal-Teke, horses that are registered in the Nez Perce registry. The White Mountain Apache tribe of Arizona charges hunters up to $19,500 for a permit to hunt elk on its reservation. They also charge lesser amounts for permits for fishing and camping on their land. In Montana, the Blackfeet tribe operates the cable television service on the reservation. The tribe also procures and delivers bottled water to the large number of residents who do not have any access to potable water. The Cheyenne River Sioux tribe in South Dakota operates the only telephone company serving the reservation. Another tribally owned enterprise converts paper documents into electronic media for outside businesses.

Figure 2: Tribally Owned Enterprises

Nez Perce Tribe, horse registry

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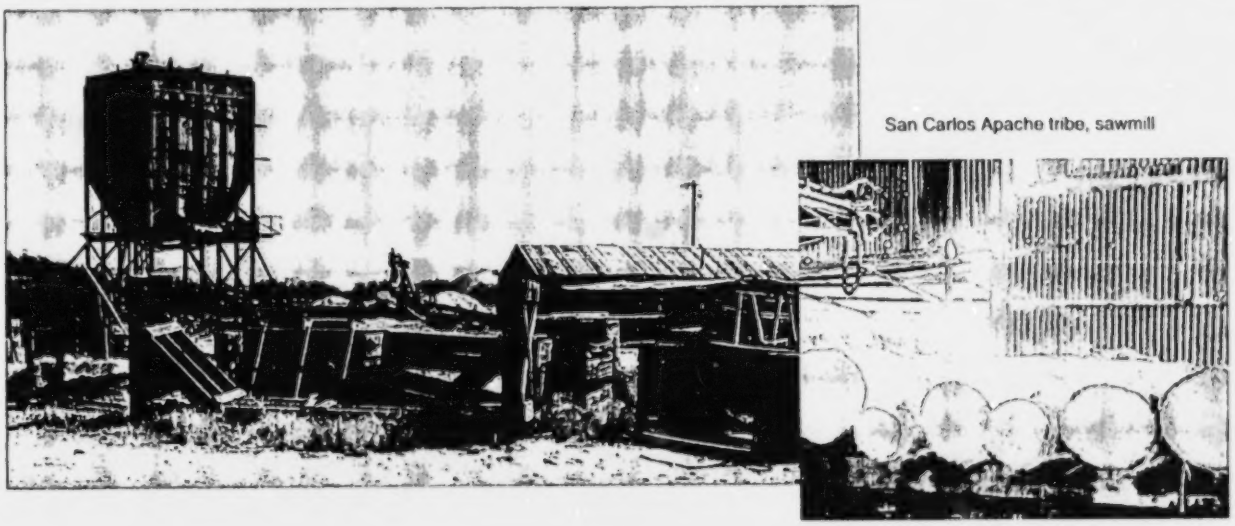
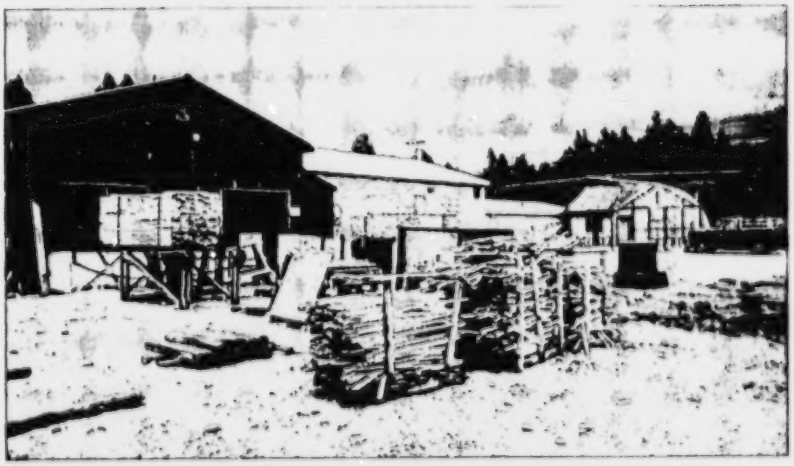


San Carlos Apache tribe, sawmill



Confederated Salish and Kootenai Tribes, Flathead Stickers, a subsidiary of S&K Holding Company, specialty wood products

Many tribes own and operate gaming facilities, and they vary in size and the amount of revenue generated. Some facilities, such as the Coeur d'Alene facility in Idaho, are part of a hotel and restaurant complex, while others, like the Assiniboine and Sioux Tribes on the Fort Peck reservation in Montana are part of a convenience store. Contrary to the common perception that tribal gaming has dramatically improved the economic circumstances for many tribes, the most lucrative facilities account for a small percentage of all tribally owned gaming facilities. According to our 2001 report, in 1999, 27 of the 193 tribes that operated gaming facilities generated two-thirds of total gaming revenue.[9] For example, the Coeur d'Alene gaming facility, near Spokane, Washington, and Lake Coeur d'Alene, a major tourist area, has generated profits for the tribe. In contrast, officials from the San Carlos Apache Tribe indicated that its gaming facility, located in a remote area, 90 miles from Phoenix, Arizona, barely makes enough money to cover its costs. Furthermore, gaming facilities do not always generate employment for tribal members. Nationally, only a quarter of all jobs in tribally operated gaming facilities are held by American Indians.[10]

The practice of distributing gaming royalties to tribal members is not widespread and, contrary to common perception, payments that are made are not making tribal members wealthy. About a quarter of the tribes that responded to our survey question distributed a portion of their revenues from gaming facilities and other enterprises through per capita payments to members. Of the tribes that reported operating a gaming facility, 28 reported providing per capita payments to members. Of those, 16 provided payments of less than $5,000 (see table 1).

[9] See U.S. General Accounting Office, *Indian Issues: Improvements Needed in Tribal Recognition Process*, GAO-02-49 (Washington, D.C.: Nov. 2, 2001).

[10] National Indian Gaming Association data.

Table 1: Gaming and Other Sectors in Which Tribes Own Enterprises and Provide Per Capita Payments

Gaming and other sectors	No. of tribes	No. of tribes with payments	Amount of annual per capita payment			
			<$500	$500-1,499	$1,500 - 4,999	$5,000+
No enterprises	28	1	0	0	1	0
Gaming only	10	1	0	0	1	0
Gaming and one or more enterprises in other sectors	77	27	3	8	4	12
One or more enterprises in sectors other than gaming, but no gaming	28	2	2	0	0	0
Total	**143**	**31**	**5**	**8**	**6**	**12**

Source: GAO survey of tribes.

Despite Economic Development Activities, Indians Living on Reservations Continue to Have High Poverty and Unemployment Rates

Despite tribes' efforts to stimulate the economy on reservations, American Indian families on reservations still have high poverty rates. Fifty-seven tribes with reservations that responded to our survey question reported that at least half of all families living on their reservations had incomes below the federal poverty level.[11] Poverty rates are also high among Indians who are employed and living on or near reservations. According to BIA (the only regularly collected source of poverty and unemployment data on all U.S. reservations), one-third of employed tribal members had incomes below the federal poverty level in 1999—the most recent year for which data are available. Three-fourths of the tribes with reservations responding to our survey question indicated their level of poverty had remained the same or increased since 1996.[12]

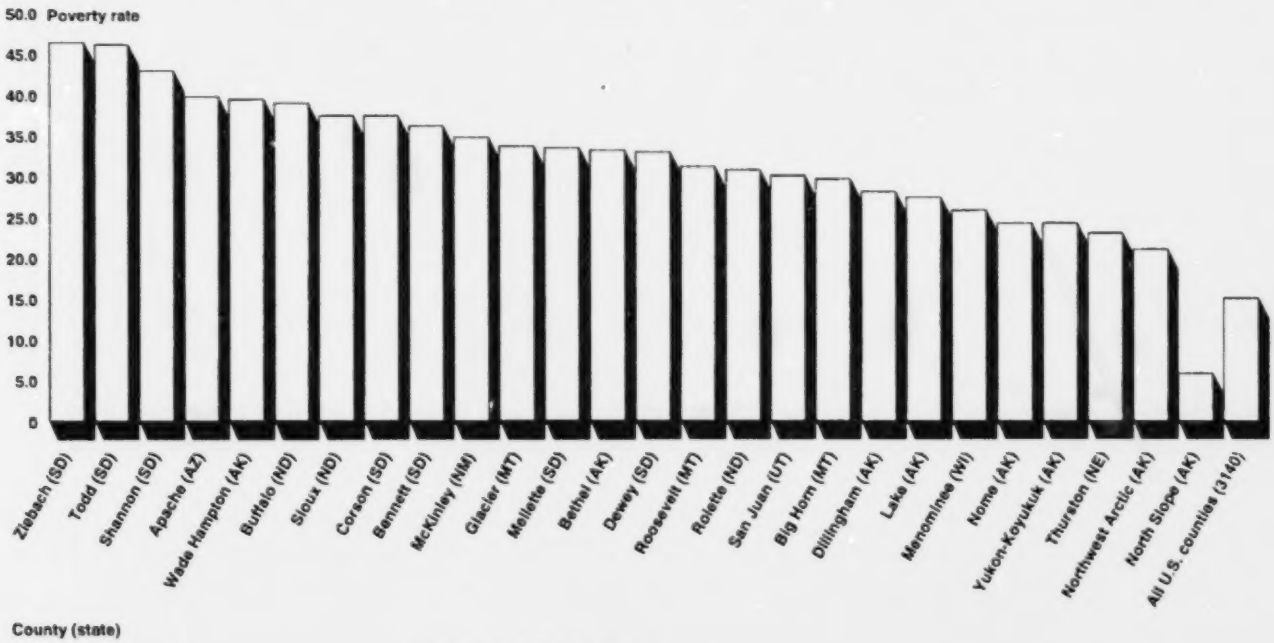
Census data on reservations and county-level data show that poverty rates are high in counties where the population is predominately American Indian. For example, as shown in figure 3, for the 26 counties with a majority of American Indians—all of which have a reservation or Alaska

[11] In 2001, the federal poverty guideline in the contiguous 48 states was $14,630 for a family of three.

[12] Census data show that the poverty rate for American Indians did not significantly change from 1998 to 2000, whereas the poverty rate for other racial groups significantly decreased. The Current Population Survey regularly collects national data on demographics, labor force, and income from a representative national sample, including Indians. Although the sample of American Indians is too small to allow the data to be projected to the entire Indian population, reliable estimates of some measures can be obtained by averaging data over 3 years. People who are jobless, looking for jobs, and available for work are considered unemployed. See also *Poverty in the United States: 2000*, Current Population Reports, Consumer Income (Washington, D.C.: U.S. Census Bureau), Sept. 2001. Data taken from the years 1999-2000 and 1998-1999.

Native entity—the median poverty rate is over 32 percent, or twice the median poverty rate of 14 percent for counties nationwide.

Figure 3: Counties with Predominantly American Indians Have High Poverty Rates



Source: U.S. Census Bureau.

BIA reports unemployment rates on reservations are extremely high.[13] In 1999—the most recent year for which data are available—more than 40 percent of adults living on or near reservations between the ages of 16 and 64 were unemployed.[14] According to our survey and site visits,

[13] Different methods can produce widely different rates, depending on how they define "unemployed." CPS uses the number of people actively searching for employment, not just those who are unemployed. BIA calculates the number of unemployed Indians for each reservation by subtracting the number of adults employed from the tribe's service population who were available for work.

[14] BIA asks tribes to provide estimates on their enrolled members and members from other tribes who lived on or near their reservations and who were eligible to use the tribe's BIA-funded services (termed "service population"). Because tribes may not follow the same methodology when collecting and reporting the data, the quality of the data among tribes could vary.

unemployment rates on reservations have changed little over time. Ninety-four tribes reported that the unemployment rate was the same or higher than in 1996. In addition, according to tribal officials of the Standing Rock Sioux tribe in North Dakota, about 75 percent of all adults were not employed, a figure that had not changed in the last several years. Tribal officials at the Fort Peck reservation in Montana said 60 to 70 percent of their adults were not employed; according to BIA, the unemployment rate has been high since 1995.

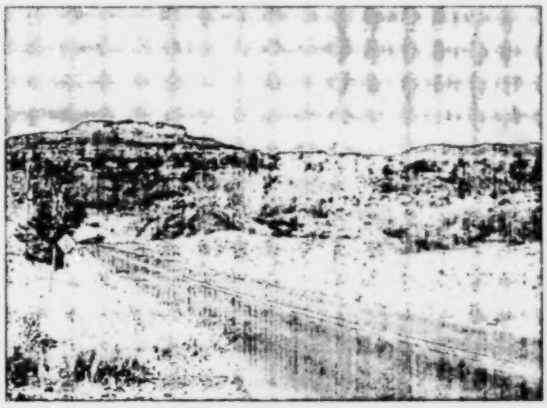
Many Tribes Lack Key Factors Associated with Economic Growth

Many tribes lack some of the key factors shown to be important for economic growth on reservations. Some tribal officials we spoke with identified a lack of accessibility to population centers, a limited number of workers with appropriate skills and expertise, and inadequate physical infrastructure as barriers to economic development on their reservations. In addition, research has shown that certain political and organizational factors such as a strong sense of sovereignty, effective governing institutions, and development of a long-term economic strategy can also affect the prospects for economic growth on reservations.

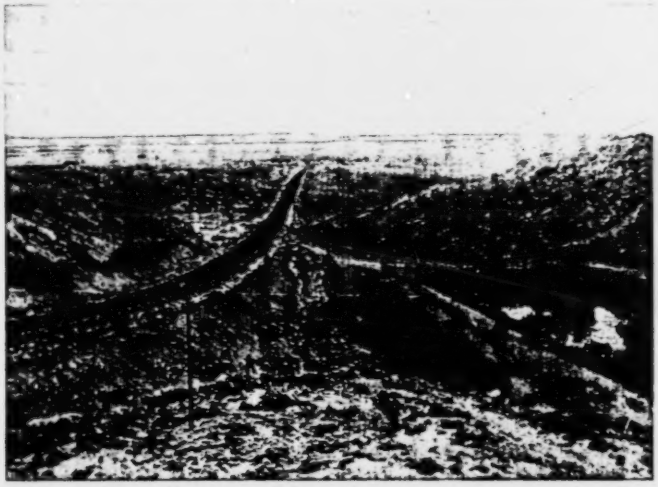
Tribal officials we talked with said that a lack of education and job skills among workers living on the reservation hinders economic growth. For example, a modular home manufacturing plant on the Blackfeet Reservation in Montana has had trouble finding and keeping enough workers with construction skills to expand its business. To overcome this obstacle, the enterprise has worked with the local community college to offer construction training to tribal members on the reservation. The gaming facility owned by the White Mountain Apache tribe had to hire nontribal members. Because tribal members lack the basic work and life skills needed to hold such jobs, tribal officials said that nonmembers hold most of the better-paid jobs.

Furthermore, the isolated geographic location and distance from markets of many reservations limits their access to markets and makes it difficult for many businesses to operate successfully. Of the tribes that responded to our survey question, 133 indicated that their reservation was primarily rural or isolated. Some reservations, such as the Navajo reservation, take up millions of acres and span more than one state. The communities on some reservations can be extremely isolated. For example, tribal members on the Fort Peck reservation had to drive 70 miles to shop for clothing and other household necessities. On the White Mountain Apache reservation, tribal officials said that the road to one isolated community, the village of Cibecue, "doesn't go anywhere, it just ends at Cibecue."

Figure 4: Many Indian Reservations Are Isolated Geographically

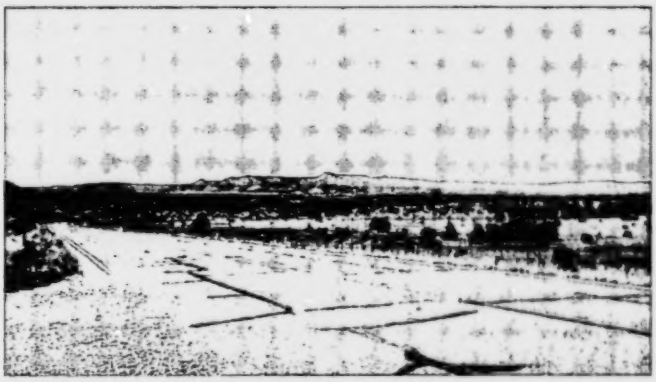


Road to Hopi reservation



View of Navajo reservation from Hopi reservation

Hopi reservation



Road to Cibecue, White Mountain Apache reservation

The physical infrastructure—such as roads, electricity, water, and suitable land for building—that is necessary to navigate remote areas or build enterprises does not exist on many reservations and hinders many potential economic development efforts. For example, even large reservations, such as the Cheyenne River Sioux, lack paved roads and water and sewer services in some communities. In addition, areas on some reservations lack electricity and telephones. The Nez Perce Reservation in Idaho has a shortage of land that is suitable for building facilities because much of their land is in a flood plain.

Research has shown that other factors, including fully exercised sovereignty, effective governing institutions, and a strategic orientation, are also important for economic growth on reservations. [15] Tribes with a strong sense of sovereignty fully exercise the authority that comes with sovereignty—controlling and being accountable for use of their resources. Governing institutions that are effective usually make decisions that are consistent with tribal culture and have separate structures for making business decisions and decisions regarding tribal governance.[16] Tribes with a strategic orientation have a formal approach for focusing on developing and accomplishing long-term economic development goals. Successfully integrating these factors has been shown to help tribes create an environment that is attractive and conducive to stimulating and sustaining economic development efforts. However, the extent each of these factors is present in tribes varies. For example, 56 of the tribes that responded to our survey question do not appear to have taken a formalized approach to economic development since they did not have a written plan for improving economic conditions on the reservation. In addition, 78 said their tribe did not have an economic development committee or organization that is separate from their tribal government, even though research has shown that skilled business people are the best ones to make business decisions, free from the interference of tribal leadership.

[15] Eddie F. Brown, D.S.W., Stephen Cornell, Ph.D., et al., *Welfare, Work, and American Indians: The Impact of Welfare Reform: A Report to the National Congress of American Indians* (Nov. 27, 2001).

[16] Culturally appropriate decision-making processes reflects a cultural match between governing institutions and the prevailing ideas in the community about how authority should be organized and exercised. For example, although having a centralized system of government with a strong executive branch works well for Apache tribes, which have a tradition of electing their leaders, this form of government may not hold the same legitimacy among members of tribes that traditionally had more decentralized governments.

Fewer American Indians Are Receiving TANF Nationally, but This Trend Has Not Occurred on All Reservations

Nationally, the number of American Indian families receiving cash assistance decreased between 1994 and 2001. However, in some states, the proportion of the TANF caseload made up of American Indian families has increased. Furthermore, on some reservations, the number of families on TANF has remained the same or even increased due to the scarcity of jobs and other reasons.

The Number of American Indian Families Receiving Cash Assistance Has Decreased

The number of American Indian families receiving cash assistance in state TANF programs in the 34 states with federally recognized Indian tribes decreased between 1994 and 2001, from almost 68,000 to about 26,000.[17] Part of this decline occurred because many American Indian TANF recipients were served by tribal TANF programs in 2001 and are not included in the data. While data on tribal TANF program caseloads are not available for 2001, tribes have estimated that they could be serving as many as 22,000 families. Even if those participating in tribal TANF programs were taken into account, the decline in American Indian families receiving TANF of at least 30 percent is significant. In comparison, the number of all families receiving TANF dropped by over half from about 3.4 million families in 1994 to about 1.5 million in 2001.

In Some States, American Indians Represent an Increasing Proportion of TANF Families

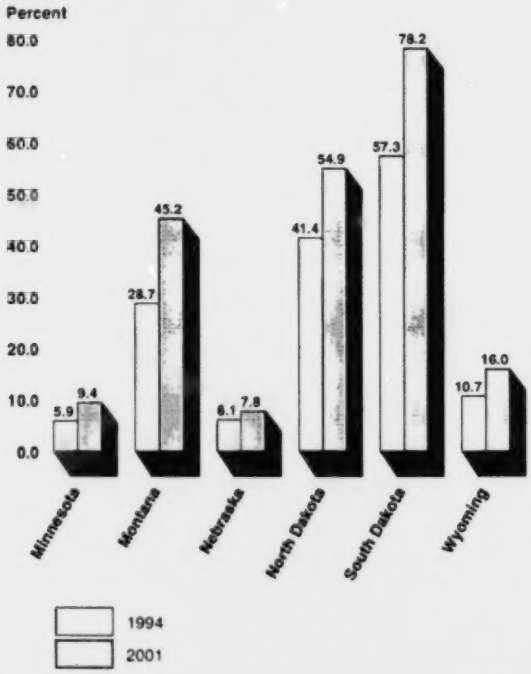
In some states, the share of the caseload made up of American Indians has risen. According to HHS data, the share of the TANF caseload made up of American Indians increased in 6 of the 34 states with federally recognized tribes.[18] As shown in figure 5, the increase has been greatest in South Dakota, Montana, and North Dakota. In South Dakota, the proportion of cash assistance families that were American Indian increased from about 60 percent in 1994 to about 80 percent in 2001. According to the 2000

[17] HHS did not report American Indian caseload data for 1994 for states without a federally recognized tribe.

[18] In Idaho, Iowa, Kansas, Nevada, South Carolina, and Texas, the share of the TANF caseload made up of American Indians increased by less than 1 percent between 1994 and 2001. Insufficient data were provided to calculate the change in proportion for three states: Alabama, Florida, and Indiana.

census, about 8 percent of South Dakota's population were American Indians.[19]

Figure 5: Proportion of Cash Assistance Caseload Made Up of American Indians



Source: HHS.

On Some Reservations, TANF Caseloads Have Stayed the Same or Increased

Because many tribes on reservations reported to us that their TANF caseloads had stayed the same or increased, it is likely that the decline in the number of American Indians receiving TANF has predominantly occurred among those not living on reservations, who represent a majority of all American Indians. Forty-seven tribes with reservations responding to

[19] It should be recognized that the race of TANF recipients recorded on their applications may not always be accurate. TANF applicants are not required to disclose their race, and often the caseworker judges the race of the recipient for reporting purposes, which may lead to misidentification. Furthermore, according to an HHS official, until recently, at least one state's TANF application only listed categories for whites, blacks, and Hispanics.

our survey question reported that the number of tribal members receiving TANF was about the same size or larger than it had been in 1997. The Salt River community in Arizona attributed the slight increase in their TANF caseload at least in part to tribal members returning to the reservation as they approached the 24-month time limit in the state's TANF program (their tribal TANF program has a 60-month limit). The Sisseton-Wahpeton Sioux tribe, headquartered in South Dakota, indicated that its caseload has remained about the same because, even though about 80 percent of the original tribal TANF recipients were no longer receiving TANF, new families keep coming on the rolls. The Coeur d'Alene tribe in Idaho indicated that the number of cases had actually increased since their tribal TANF program began because of its tribal TANF program's outreach efforts.

Several Factors May Contribute to Lack of Caseload Decline

Several factors may contribute to the lack of welfare caseload decline among American Indians in certain places. These include the scarcity of jobs on reservations; the difficulty reservation residents have accessing work supports, such as job training and child care; and cultural or religious ties to tribal lands and strong ties to families and communities that make it difficult for many American Indians to relocate. In addition, like many other TANF recipients, many American Indian TANF recipients have characteristics such as low education levels and few job skills, which can make it difficult for them to get and keep jobs.

Scarcity of jobs on reservations

Government officials, tribal representatives, and researchers all reported that on reservations the primary impediment to decreasing the number of American Indians on TANF is the scarcity of jobs. Navajo Tribal TANF officials indicated that while thousands of Navajos have left the reservation and found employment elsewhere, lack of jobs is still the major hurdle to achieving TANF requirements. Recent studies concluded that job scarcity in Indian country is an overwhelming barrier to the success of employment and job training programs, including TANF, and that the lack of jobs on many reservations is a serious handicap to moving people from welfare to work.[20,21]

[20] Brown, Eddie F. et al., *Welfare, Work, and American Indians: the Impact of Welfare Reform*, Nov. 27, 2001.

[21] Hillabrant, Walter et al., *The Evaluation of the Tribal Welfare-to-Work Grants Program: Initial Implementation Findings*, Mar. 2002.

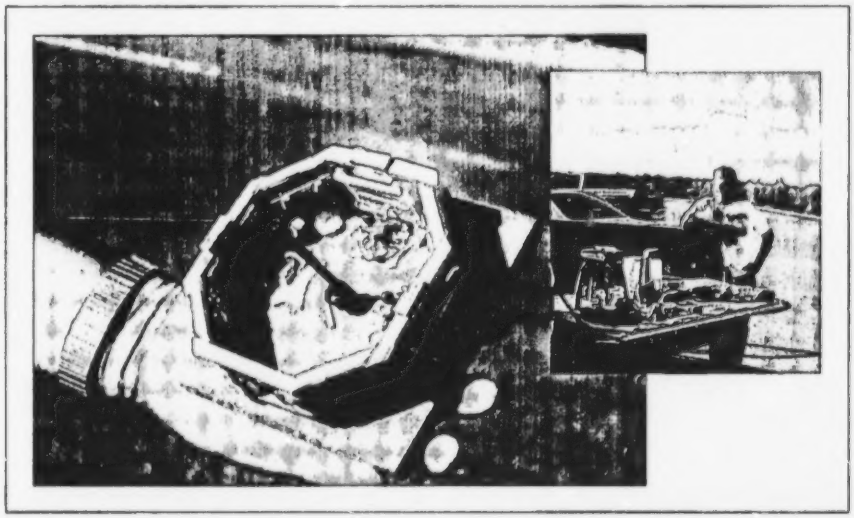
On many reservations, the government sector is the primary employer. Consistent with the philosophy of promoting self-governance, during the last 30 years tribes have taken over reservation programs that used to be performed by the federal government. As management responsibility was transferred, the number of government sector jobs grew rapidly as tribes hired more people to manage health, social, and housing programs and schools. Although nationally, less than 20 percent of workers are in public sector jobs, the tribes we surveyed reported that, on average, about 42 percent of employed tribal members work for federal, state, county, and tribal governments. The tribes we surveyed reported that, on average, 25 percent of employed tribal members worked for tribal governments; however, in some cases this percentage was much higher. About one-fourth of the tribes responding to our survey question reported that 50 percent or more of their employed tribal members worked for the tribal government. Many tribal members are also employed by state or federal government agencies. For example, in the summer BIA hires American Indians to work as firefighters.

As noted previously, many tribes are also attempting to operate commercial enterprises, but these initiatives have been at best only moderately successful in generating jobs. On average, the tribes responding to our survey reported that an average of 11 percent of employed tribal members were employed by tribally owned commercial enterprises.

Few private sector opportunities exist on reservations. Tribes responding to our survey reported that, on average, 40 percent of their employed tribal members worked for privately owned commercial enterprises. An additional 4 percent of employed tribal members were self-employed. This lack of private sector opportunities appears to be the result of a lack of private sector commercial activity on reservations. What little commercial activity there is generates few jobs. Sixty-nine tribes reported that no private sector enterprises employing 15 or more workers existed on or within 10 miles of their tribal lands. A consultant's study of the Standing Rock Sioux Reservation, which straddles the border of North and South Dakota, reported that in 1999 only 34 private employers operated on the reservation: they employed only 85 full-time workers. BIA reports that in 1999 over 5,000 adult tribal members were available for work on or near the Standing Rock Sioux Reservation. Similarly, as of 1997, the Navajo Nation reported only 52 employers with 100 employees or more, most of which were schools or hospitals; the Navajo Nation considered only 13 to be "genuine businesses." These 13 establishments employed about 4,700

workers; the Navajo Nation reported its potential labor force at over 50,000.

Figure 6: Self-Employed Navajo Artisan



Many jobs that are available to tribal members are seasonal. For example, Glacier National Park sometimes hires members of the Blackfeet reservation for the peak tourist season. Forty-five tribes reported that about half or more of the jobs held by tribal members were seasonal; only 22 reported that all or almost all jobs held by tribal members were year-round.

Finally, federal, state, and tribal officials that we spoke with reported that, due to cultural or religious ties to tribal lands and strong ties to families and communities that make it difficult for many American Indians to relocate, substantial numbers of tribal members choose not to leave tribal lands to obtain employment. Under federal law, American Indian tribes are sovereign nations, and American Indians are citizens of those nations in addition to being U.S. citizens.

Lack of access to work supports

In some cases, TANF recipients on reservations do not have easy access to services they may need to enable them to obtain employment, including transportation, child care, job training, job search services, and educational programs. While most tribes that have opted to administer

their own TANF programs have these types of services available on their reservations, a significant number of tribes that are served by state TANF programs do not have certain services available on their reservations (see table 2).

Table 2: Support Services not Available on Reservations

Service	Tribes without TANF programs reporting service not available on reservation
Transportation	42
Child care	23
Classes/tutoring in reading	21
Classes/tutoring in English language skills	31
Other education: GED or high school diploma	28
Training for particular job	41
Work experience programs	31
Job search, screening/assessment, and other employment services	40
Treatment for alcohol or substance abuse	26
Other mental health services	27

Source: GAO survey.

Characteristics that impede employment

Like other TANF recipients, some American Indian TANF recipients have characteristics that make it difficult for them to get and keep jobs. In a previous report, we found that research has shown that a substantial share of TANF recipients have characteristics that make employment difficult, such as substance abuse, poor mental or physical health, disability, low educational attainment, limited work experience, low basic skills, or exposure to domestic violence. [22] Tribes that responded to our survey reported that many American Indian TANF recipients share these characteristics. For example, 29 tribes that responded to our survey reported that more than 40 percent of their recipients needed mental health services, and 43 tribes reported that more than 40 percent of their recipients needed education to receive a high school diploma or equivalency.

Tribal officials we met with during our site visits also noted that many of their recipients had characteristics that impede employment. For example,

[22] U.S. General Accounting Office, *Welfare Reform: Moving Hard to Employ Recipients Into the Workforce*, GAO-01-368 (Washington, D.C.: Mar. 15, 2001).

social service workers from the Salt River Pima-Maricopa Indian Community of Arizona reported that almost none of their TANF recipients had a high school diploma, and some are only reading at the third or fourth grade level. Consequently, the primary work activity for most of their recipients is education. Similarly, officials from the San Carlos Apache tribe of Arizona reported that 80 percent of their TANF recipients had not finished high school, and many were reading at the elementary school level. Both the Salt River Pima-Maricopa Indian Community and the Nez Perce tribe of Idaho reported that their residents have high rates of diabetes. Not only is diabetes a health problem for adults, but also the high incidence of the disease among their children increases the difficulty of finding appropriate child care. The Sisseton-Wahpeton Sioux tribe, headquartered in of South Dakota, found that about one-third of TANF applicants assessed had alcohol dependency problems. Although the tribe has a treatment facility, tribal officials said that it has only 12 slots for inpatient care, which these officials deem insufficient.

Flexibility Helps Tribal TANF Programs Meet TANF Requirements

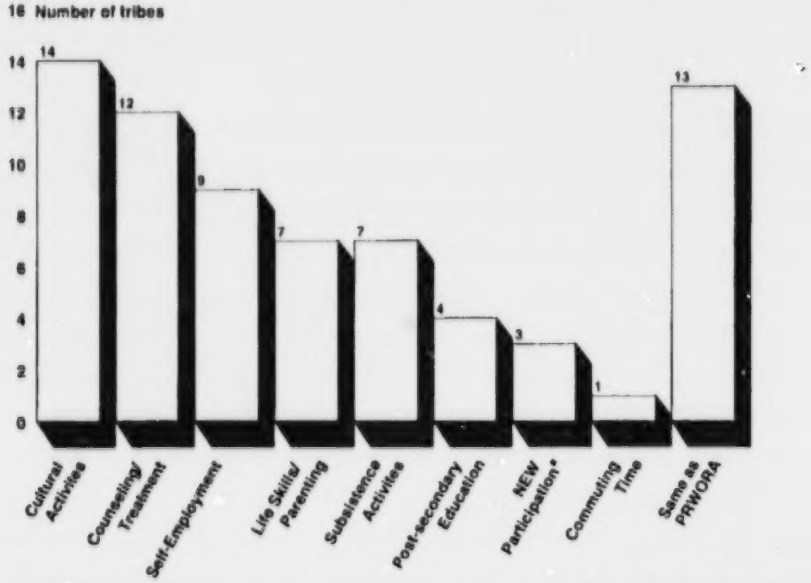
PRWORA gives tribal TANF programs flexibility in many areas to tailor their programs to their communities, for example, by defining their own work activities and work participation rate requirements, time limits, and eligibility requirements. Twenty-two tribal TANF program administrators reported that the flexibility greatly influenced their tribe's decision to take on the responsibility of administering the program. Some tribes have taken advantage of provisions that allow them to define a wide spectrum of work activities to accommodate the training needs and cultural traditions of their recipients. Others have modified the rules and procedures governing work participation rate requirements, time limits, and eligibility. Like states, they have also used their flexibility to determine what supports to provide to tribal recipients.

Tribes Use Flexibility to Define a Broader Array of Work Activities than States

The 36 tribal TANF programs are given the flexibility to define the activities they count toward meeting the work participation requirement more broadly than state TANF programs, subject to approval by HHS. According to data provided by tribal TANF programs to HHS, about a fifth of all adults engaged in work activities participate in activities that would not count toward meeting work participation rate requirements under state plans (see fig. 7), but do count toward meeting work participation requirements under tribal programs. For example, the Port Gamble S'Klallam tribe, whose reservation is located on Washington's Puget Sound, allows recipients to count time spent engaged in traditional subsistence gathering and fishing towards meeting the TANF work

requirement. (See app. III for the work activities accepted by each tribal TANF program.)

Figure 7: Number of All Tribal TANF Programs Counting Various Work Activities



*Participation in tribal Native Employment Works (NEW) program, a tribally administered work activities program.

Source: HHS.

In general, rather than adopting an approach similar to most states that emphasizes job search and work,[23] tribal TANF programs tend to encourage recipients to engage in alternative work activities. In fiscal year 2001, 43.2 percent of adults enrolled in state TANF programs were engaged in work activities. In comparison, HHS has reported that in fiscal year 2000, the overall work participation rate for all families in tribal TANF programs averaged about 37 percent. As shown in table 3, a majority of adults enrolled in state TANF programs who were engaged in work activities, 60 percent, were in unsubsidized jobs. In contrast, only a third of adults engaged in work activities in tribal TANF programs were in

[23] This approach is often referred to as "work first."

unsubsidized jobs. Relative to state TANF programs, tribal TANF programs have more adults engaged in job search, job training, education, and other activities, many of which are not counted toward meeting work participation rate requirements under state TANF programs.

Table 3: State and Tribal TANF Program Adults Engaged in Work Activities by Type of Activity

Activity	State TANF programs FY 2001 (percent)	Tribal TANF programs FY 2000 (percent)
Unsubsidized employment	60.0	33.2
Work preparation[a]	15.7	17.6
Job search/job readiness	14.4	29.1
Job training/education	17.6	28.1
Other[b]	10.6	21.7

[a]Includes subsidized jobs, on-the-job training, work experience, and community service activities.

[b]Includes activities allowed under state waivers, activities allowed under tribal TANF plans, and provision of child care.

Source: HHS.

Officials from several of the tribes we visited reported that their tribal TANF programs emphasize education and training activities because only a small proportion of recipients have completed high school and many lack basic literacy skills. Tribes emphasize education and training activities to varying degrees. For example, the White Mountain Apache tribal TANF program reported that a quarter of their adult TANF recipients were enrolled in classes to enable them to get a high school diploma or its equivalent, and a fifth were receiving employment services intended to help them move directly into employment. In contrast, the Confederated Salish and Kootenai tribal TANF program required all adult recipients to engage in job search while only 5 percent of recipients were enrolled in a high school equivalency program.

More than 20 percent of tribal TANF recipients were engaged in activities that are counted as work by tribes but which generally are not approved work activities for state programs. While not all of the activities tribes count as work lead directly to private sector employment, they may have other benefits. Tribal officials believed that individual TANF recipients as well as reservation communities as a whole benefited when tribal TANF recipients were allowed to participate in alternative work activities. For example, tribal TANF recipients who participated in cultural activities helped to strengthen community ties and preserve tribal traditions. Likewise, community service projects can engage TANF recipients who

have never held a regular job in a meaningful activity that provides a valuable service to the community. Some examples of tribal TANF work activities include: the delivery of potable water to elderly tribal members on the Navajo reservation, working at the local Head Start program on the Nez Perce reservation, and participating in parenting and family strengthening courses in the Confederated Salish and Kootenai tribes on the Flathead reservation.

Tribes Use Flexibility to Set Work Participation Rate Requirements

Tribes have used the flexibility in the law to set their own work participation rate requirements and to determine the number of hours recipients must work each week to meet those requirements, with HHS approval. Whereas states had to ensure that 25 percent of all families enrolled in TANF were engaged in federally counted work activities in 1997, increasing to 50 percent in fiscal year 2002, tribes could set participation rate requirements that differed from those of states. Most of the tribal TANF programs set their participation rate requirements somewhat lower than those of states, generally ranging from 15 to 30 percent over the first few years of the program. Four tribal TANF programs adopted the same participation rate requirements as states.

Unlike states, tribes are not eligible for caseload reduction credits—reductions in the work participation rate they are required to meet when their total TANF caseload drops. Tribes, however, must always meet the participation rate requirements laid out in their TANF plans, no matter how great the decline in tribal TANF caseloads. In fiscal year 2000, 7 of the 15 states with tribal TANF programs had effective work participation rate requirements (after the caseload reduction credit was applied) of zero, and 7 more had rates of 15 percent or less. Table 4 compares the participation rate requirements for fiscal year 2000 in the seven tribal TANF programs in the four states that we visited.

Table 4: All Families Work Participation Rate Requirements for Selected States and Tribes (FY 2000)

State work participation rate requirement			Tribal TANF work participation rate requirement	
State	Rate required by PRWORA Sec. 407(a)	Effective rate	Tribe	Actual rate
Arizona	40	0	Navajo Nation (Ariz., N. Mex., Utah)	[a]
			White Mountain Apache Tribal Council (Ariz.)	25[b]
			Salt River Pima-Maricopa Indian Community Council (Ariz.)	20
Idaho	40	0	Coeur d'Alene Tribal Council	15
			Nez Perce Tribal Executive Committee	20
Montana	40	0	Confederated Salish & Kootenai Tribes, Tribal Council	15
South Dakota	40	3	Sisseton-Wahpeton Sioux Tribal council	25[b]

[a]The Navajo Nation TANF Program had not yet started in fiscal year 2000.

[b]Single parent family requirement. Tribal plan does not have an all family requirement.

Source: HHS.

Tribes also have the flexibility to set the minimum number of hours each week participants must be engaged in work activities. A majority of tribal programs, 30 of the 36, require participants to work 20 or more hours per week. This is similar to the state requirement, which began at 20 hours per week in 1997 and increased to 30 hours per week by 2000.

Tribes Set Time Limits and Exemption Levels That Differ from Those of States

Tribal TANF programs have flexibility to set their own time limits, subject to HHS approval. Many tribal TANF recipients living on reservations are not subject to time limits, however, when the unemployment rate on their reservation is greater than 50 percent. Specifically, PRWORA exempts any month from counting toward an individual's time limit if that individual is living on a reservation with a population of at least 1,000 and an unemployment rate of 50 percent or greater, whether they are enrolled in a tribal or a state TANF program. Of the 29 tribal TANF programs that serve a single tribe, 16 are located on reservations that had unemployment rates of 50 percent or greater, according to the most recent BIA data.[24] To date, HHS has not approved any tribal TANF plans with a time limit of greater

[24] Our analysis does not include tribal coalitions that serve residents of more than one reservation. Of the remaining 13 tribal programs that serve residents of one or two reservations, 6 have unemployment rates of 40 to 49 percent and 6 have unemployment rates of 20 to 39 percent.

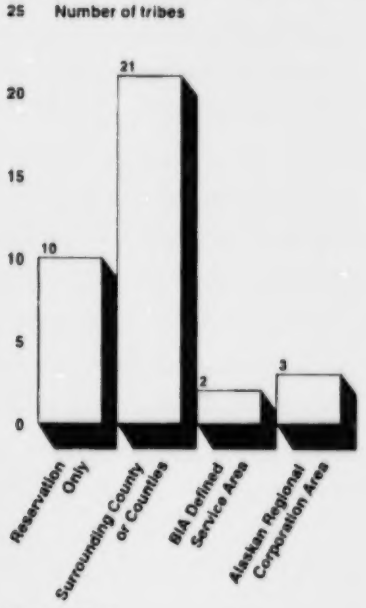
than 60 months, although at least one tribe has submitted a plan proposing a longer time limit. Thirty-four of the 36 tribal TANF programs have time limits of 60 months; 2 programs have 24-month time limits. While a state may exempt no more than 20 percent of its caseload from time limits due to hardship, tribal programs have the flexibility to determine the share of the caseload they are allowed to exempt from time limits due to hardship. A majority of tribal TANF programs have the same exemption limit as states, but HHS has approved 10 plans with higher exemption rates. If tribes want to extend benefits beyond the level approved in their plans, they must pay for the benefits with their own funds.[25]

Tribes Have Flexibility to Set Their Own Eligibility Requirements

Tribal TANF programs also have the flexibility to determine many of their own eligibility requirements. This includes the flexibility to determine the geographic area their TANF program will cover (the service area). Some tribes define their service area as their reservation or land base, while others serve families residing in nearby communities or within the counties that overlap with their reservations (see fig. 8).

[25] States may use their MOE funds to extend benefits to recipients who reach their time limits but do not fall within the 20-percent exemption. Tribes do not have a MOE requirement and, therefore, do not have the same access to funding for this extension.

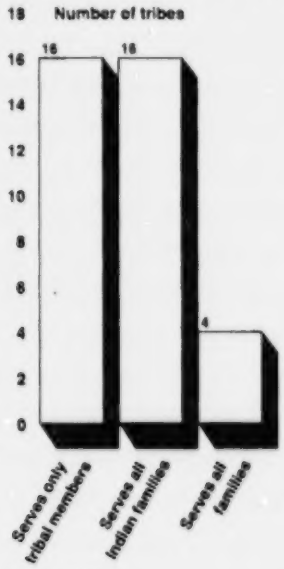
Figure 8: Tribal TANF Program Service Areas



Source: HHS.

Tribes also have the flexibility to determine whom they will serve (the service population). Some tribes base eligibility on race or tribal membership; others serve all families in their service areas. Figure 9 shows the populations tribal TANF programs have chosen to serve.

Figure 9: Tribal TANF Service Populations



Source: HHS.

Tribes Have the Same Flexibility as States to Determine Work Supports

Like states, tribal TANF programs have the flexibility to use their TANF grant to fund services they determine necessary to help recipients comply with program requirements. Although they have the same range of options available to states, tribal priorities and resources influence decisions about what services tribes fund with their TANF grants. A majority of tribes responding to our survey (18 of 24 programs) devoted TANF funds to job training, work experience, and job search activities as well as one or more educational programs. Most (21 of 24 programs) also used TANF funds for child care or transportation.

In some instances, services were not funded with a tribal TANF program's TANF grant because the services were available through other programs or funding sources. Tribal NEW grants can cover some work-related activities such as job search. In addition, tribes responding to our survey question reported that services ranging from transportation and child care to education, work preparation, health care and treatment were funded through federal programs or state programs other than TANF, grants to tribes and tribal revenues.

Tribes Face Challenges Implementing Their Programs

Tribes have faced a number of challenges in implementing tribal TANF programs. Many tribes have found that data on the number of American Indians are inaccurate, complicating the determination of tribal TANF grant amounts and making it difficult to design and plan programs. Because tribes do not have the infrastructure they need to start their programs, they have had to solicit contributions from a variety of different sources to cover their significant start-up costs and ongoing operating expenses. In addition, they lack the expertise needed to administer key program features, including determining eligibility because tribes do not have experience operating welfare programs. Some tribes have requested and received technical assistance from states and the federal government to help them develop this expertise.

The challenges tribes have to overcome in order to plan, develop, and implement tribal TANF programs include, among others:

- **Obtaining The Population Data Necessary To Conduct Reliable Feasibility Studies And To Plan And Design Tribal TANF Programs.** HHS and tribal officials indicated that state data on American Indians is inaccurate, complicating the determination of TANF grant amounts and making it difficult to design and plan programs. The law specifies that federal tribal TANF grants must be based on the funds expended on American Indians who were residing in the program's designated service area and receiving AFDC from the state in fiscal year 1994. In practice, however, few states collected reliable data on the race of AFDC recipients in 1994, so some tribes work with the state to negotiate a mutually agreeable number on which their grant will be based, according to tribal officials.[26,27] Having accurate data on American Indian caseloads is also critical for tribes as they design their programs and make decisions about how to allocate their resources.

  The information they use to estimate the 1994 caseload varies by tribe and by state. In some instances, tribes provide the state with their tribal

[26] This lack of data on American Indian caseloads makes it difficult for states and tribes to determine tribal TANF grant amounts, but it also hinders a tribe's ability to plan and design its programs. The Torres-Martinez Desert Cahuilla tribe of Los Angeles, for example, based its tribal TANF plan on American Indian TANF recipient estimates that turned out to be inaccurate.

[27] If the state and tribe cannot agree on the 1994 caseload numbers submitted by the state, the Secretary of HHS, or designee, is required to make a decision on the tribal TANF grant amount.

enrollment list, and the state cross-matches the names with their database of families receiving cash assistance in 1994 to come up with a number on which their grant amount is based. In other instances, states rely on other sources of data to estimate the number of American Indians who received AFDC in 1994. Of the 26 tribal TANF programs that responded to our survey, 17 reported that their tribal TANF grant was based on the state's estimate of the number of American Indian families in their service area on AFDC in 1994, but 9 tribes reported that they negotiated a grant amount not based on this estimate, but instead based on a number they negotiated with the state.

The degree to which any tribal TANF program's federal grant corresponds to its current caseload varies substantially. Some officials attribute this to underestimates of the number of American Indian families who were receiving AFDC in 1994. Others believe that eligible families are more likely to seek benefits from a tribal program, in part because of increased outreach. Changes in the economy and population growth over the past decade have also led to fluctuations in public assistance caseloads on some reservations. The majority of tribes with TANF programs responding to our survey question, 19 of 21, reported that the number of families they were currently serving was the same as, or smaller than, the number of families on which their grant was based. However, 2 of the 21 tribes reported that their TANF caseload was larger than the caseload on which their grant was based.

Because tribal TANF programs often provide TANF recipients with the same monthly benefit as the states in which they are located, those programs that serve more families than the number on which their grant is based have fewer resources to fund the full range of TANF services. The White Mountain Apache tribe spends some of its TANF grant on transportation and child care, but none on educational, health, or job-related services for their recipients. The Fort Belknap tribal TANF program, for example, only funds four TANF services: GED training, work experience, job search, and support services. In contrast, the majority of programs responding to our survey (17 of 24 programs) reported that they spend TANF funds on a range of education, job-related counseling, and transportation or child care services.

- **Securing or leveraging the resources needed to establish the infrastructure needed to administer tribal TANF**. Because most tribes starting tribal TANF programs do not have the infrastructure they need in place, they have secured and leveraged funding from a variety of sources to meet the basic "start-up" costs involved in setting up a new

program. These start-up costs include those for basic infrastructure such as information technology systems. In addition, tribal TANF programs are not eligible to receive any of the performance incentives currently available to states.

One infrastructure need that tribes have found particularly difficult to meet is the development of new information systems. Like states, tribal TANF programs are permitted to spend as much of their federal TANF grant on management information systems as they choose, and some tribes have developed systems for their new TANF programs. Unlike states, tribes did not receive additional federal funds expressly for the purpose of developing and operating automated information systems under AFDC, the precursor to the TANF program.[28] Although most of the tribal TANF programs reported using an automated system to report TANF data, many—8 of 27—do not. For example, the Fort Belknap tribal TANF program in Montana has a caseload of 175 families, yet it does not have an automated information system for the collection, processing, and reporting of TANF data. Eleven tribes reported having an automated system devoted to their TANF program. Others use the state's computer system or contract with the state to collect, store, or process data for federal reporting purposes.

Some tribes have leveraged funds from other federal programs or relied on other sources, including state TANF funds and tribal government contributions, because most tribal TANF funds are used to provide benefits to TANF recipients. For example, the Confederated Salish and Kootenai tribal TANF program received a Community Technology Centers grant from the U.S. Department of Education to fund the ongoing operating costs of its "Cool Bus," a mobile computer training center. The bus locates in neighborhoods around the reservation on a rotating basis to provide computer access and computer training programs to TANF recipients and other tribal members.

[28] Between 1980 and 1992, the federal government reimbursed states for 50 to 90 percent of the costs incurred in planning, designing, developing, installing, and operating automated welfare systems. From 1994 to 1997, states could be reimbursed for 50 percent of their automated systems costs. We reported that between 1984 and 1992, the federal government spent more than $500 million annually on state automated AFDC systems. See U.S. General Accounting Office, *Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort*, GAO/HEHS–00–48 (Washington, D.C.: Apr. 2000) and U.S. General Accounting Office, *Automated Welfare Systems: Historical Costs and Projections*, GAO/AIMD–94–52FS (Washington, D.C.: Feb. 25, 1994).

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Figure 10: Confederated Salish and Kootenai Tribe's Mobile Computer Training Center

States recognize that it is in their best interest if tribal TANF programs succeed and, therefore, most provide at least some of their state MOE funds to tribal programs in their state. HHS reports that 29 of 36 tribal TANF programs receive MOE funds from the states. Some states provide tribes with a share of MOE proportionate to the population they are serving; others provide some start-up costs, and others have not provided any funds. While the law does not require states to contribute MOE, some state officials we visited indicated that they believed that it was in their best interest to provide MOE to tribes in order for the programs to succeed so that tribes would never have to retrocede their programs back to the state. Any contributions made by states to tribal TANF programs do count toward a state's MOE requirement.

Most tribal TANF programs that responded to our survey question, 24 of 27, reported that their tribal government made contributions to their TANF program. Eighteen of these respondents reported that their tribes contributed office space or buildings. In addition, 15 programs received contributions from the tribal governments to cover other start-up costs.

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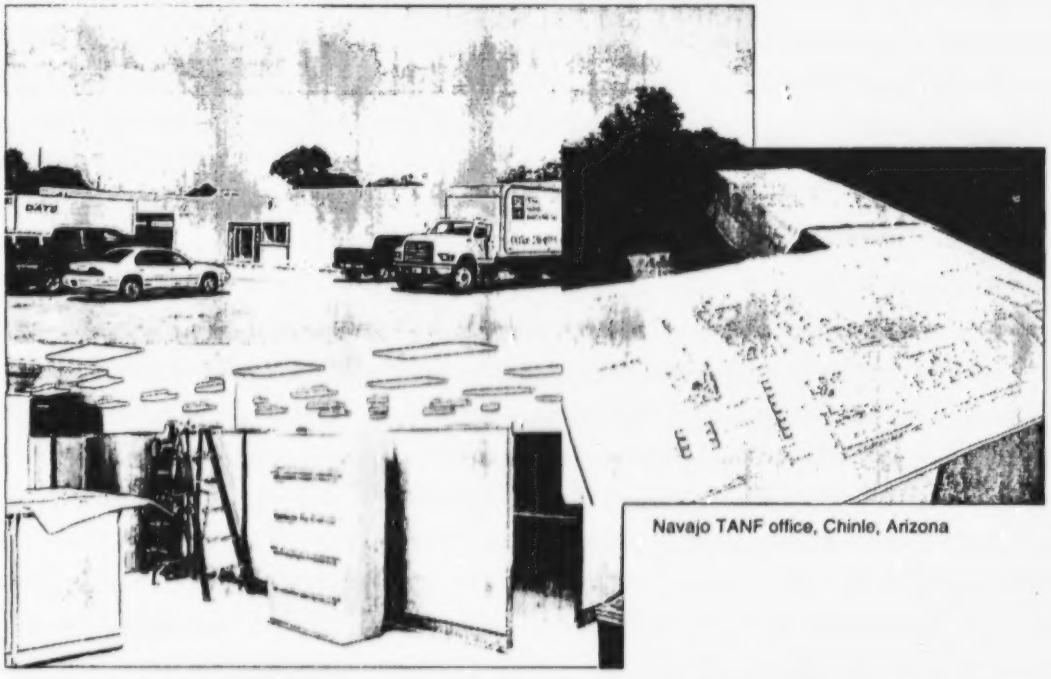
For example, the Navajo tribal TANF program received $500,000 from its tribal government to help cover start-up costs.

Figure 11: Facilities Used for Tribal TANF Programs

Hopi Guidance Center

Coeur d'Alene Social Service office



Navajo TANF office, Chinle, Arizona

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In addition to securing resources from federal, state, and tribal governments, some tribes have leveraged other funds to enable them to administer tribal TANF with limited resources. One way tribes have been able to do this is by combining TANF and other tribally administered federal employment and training programs into a single program with a single budget through a consolidated plan, as authorized by the Indian Employment, Training, and Related Services Demonstration Act of 1992.[29] Tribes with consolidated plans are able to save on administrative costs and reduce duplication of services by streamlining the administration of related programs. For example, a tribe with a consolidated plan could provide job search and job preparation services to all tribal members through a single program, rather than having a separate program for TANF recipients. To date, 13 tribal TANF programs responding to our survey question have included TANF in their consolidated plans. Two of the tribes we visited, the Confederated Salish and Kootenai tribe and the Sisseton-Wahpeton tribe, included their tribal TANF programs in consolidated plans, and both tribes indicated that the ability to combine funding sources and streamline service delivery was instrumental in allowing them to administer tribal TANF within their budget constraints.

- **Developing the expertise to better implement tribal TANF programs**. Tribal TANF program administrators have had to quickly develop the expertise to plan and operate tribal TANF programs because they do not have experience in administering welfare programs. Tribal TANF administrators have had to train staff on eligibility determination, data reporting requirements, and administration. They have also had to set up information systems, conduct feasibility studies, and leverage resources to help cover their costs.

  Most of the tribes that responded to our survey reported that states provided them with at least some technical assistance in these areas, but the amount of assistance provided by states varied. PRWORA does not require states to provide technical assistance to tribes, but 19 tribes reported that the state helped them to a great or very great extent in developing their initial concept paper describing their TANF program. In addition, 26 tribal TANF programs reported that they had received technical assistance and support from the state in developing or operating automated systems to collect and report TANF program data. A number of

[29] The 1992 act (P.L. 102-477) allows federally recognized tribes and Alaska Native entities to combine federal grant funds for employment training, or any related area, into a 477 plan, with a single budget and a single reporting system.

programs reported that they received assistance from the state on other aspects of administering a TANF program. Tribes also reported that HHS has provided them with technical assistance when asked.

Finally, tribal officials indicated that certain types of assistance were not readily available to them from states or the federal government. For example, tribes have recognized their need to conduct studies to determine whether it is feasible for them to administer their own programs. However, neither states nor the federal government have provided tribes with technical assistance on how to conduct a feasibility study that would provide them with all of the information about whether or not they have the resources, infrastructure, and other supports necessary to effectively administer their own programs. Similarly, while tribes have established informal networks to exchange information about strategies they are employing to help move recipients into productive work activities, some of the tribes we visited indicated that such information is not systematically compiled and is, therefore, difficult to locate when they need it. As a result, tribes do not have all of the information they could use to develop a successful program that responds to the economic constraints that exist on reservations.

Conclusions

PRWORA gives tribes a new opportunity to exercise their sovereignty by administering their own TANF programs. At this early stage of tribal TANF implementation, we see tribes making progress in exercising their flexibility by tailoring the design of their programs and engaging their members in a broad array of work activities. However, tribes face challenges in developing the data, systems, and expertise they need to operate their programs.

While tribes have moved forward in establishing their own programs, it is not yet known whether these programs will help recipients find employment before reaching time limits. In addition, it is not yet clear whether the flexibility afforded to tribal TANF programs will allow them to continue to provide benefits and services to those who reach the time limit without obtaining a job. States and the federal government have provided tribes with many types of assistance to enable them to develop programs tailored to their communities, but tribes have not received the assistance they need to conduct feasibility studies that will allow them to make informed decisions about administering tribal TANF programs, nor do they have easy access to information about strategies other tribes have employed to move recipients into productive work activities given the economic conditions on reservations.

Whether tribal TANF programs will be successful in moving more American Indians from welfare into the workforce will ultimately depend on not only the ability of the programs to meet their recipients' need for income support, education, and training, but also the success of economic development efforts in providing employment opportunities for American Indians.

Recommendations

We recommend that HHS provide assistance to tribes to better enable them to determine the feasibility of implementing their own TANF programs and to ensure that they have access to information about strategies other tribal TANF programs have used to help move recipients into productive work activities so that they can develop better programs that respond to economic conditions on reservations.

Agency Comments

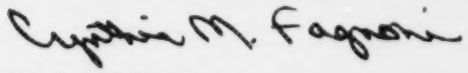
We provided a draft of this report to HHS for its review. A copy of HHS' response is in appendix IV. HHS generally agreed with our findings and our recommendation.

With regard to our recommendation that HHS assist tribes in determining the feasibility of administering their own TANF programs, the agency noted that it already assists tribes interested in administering tribal TANF by providing them with approved tribal TANF plans to use as examples and by providing them with comments and assistance in developing their plans. This assistance is helpful to tribes that have made the decision to administer tribal TANF and are in the process of designing their programs. However, we believe more could be done to assist those tribes that have not yet decided whether to administer tribal TANF in determining the feasibility of administering the program. Concerning our recommendation that HHS ensure that tribes have access to information about strategies used by other tribes, HHS noted that it plans to share information on innovative strategies used by tribes and to work with tribes to ensure that its technical assistance efforts are effective. In addition, HHS stated that it plans to provide additional assistance to tribes in the areas of strategic planning, information systems, financial management, performance goals and tracking, and staff development. We agree that additional assistance in these areas will help tribes to develop programs that best meet the needs of their recipients.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after its

issue date. At that time, we will send copies of this report to the Secretary of HHS, appropriate congressional committees, and other interested parties. We will also make copies available to others on request. In addition, the report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you have any questions concerning this report, please contact me or Clarita Mrena on (202) 512-3022 or at mrenac@gao.gov. Other staff who made significant contributions to this report are listed in appendix V.



Cynthia M. Fagnoni
Managing Director, Education, Workforce,
and Income Security Issues

Appendix I: Scope and Methodology

We conducted three mail surveys for this study. We sent the first survey to the tribal Temporary Assistance for Needy Families (TANF) directors of the 36 federally approved tribal TANF programs, including 3 administered by Alaska Native regional nonprofit corporations. We sent the second to the tribal chairmen or presidents of the remaining 334 federally recognized tribes. [1]

We asked both groups to provide information on tribal enrollment, poverty among tribal members on the reservations, and employment information among adults living on the reservations, economic development initiatives, commercial enterprises owned by the tribe, unemployment rates, and the types of TANF services received by tribal members enrolled in the program. In addition, we asked tribal program administrators about their experiences in administering a tribal TANF program.

We sent a third mail survey to the state TANF directors of the 34 states that have at least one federally recognized Indian tribe. We asked them to provide information about American Indians who received TANF through their state programs and the tribal TANF programs in their states.

The questionnaires used for each of the surveys were each pretested at least twice. Table 5 provides survey numbers and response rates for all the surveys.

Table 5: Survey Numbers and Response Rates

Survey of	Number of surveys mailed	Number of survey responses received	Response rate (percent)
Tribal TANF programs[a]	36	28	78
Tribes[b]	334	124	37
States	34	34	100

[a]This includes 7 consortiums that administer the tribal TANF program for 145 tribes, as of January 1, 2002. Five of the seven consortiums responded to our survey.

[b]This excludes the consortiums that administer tribal TANF programs.

[1] We mailed this survey to the Alaska Native regional nonprofit corporations and the Metlakatla Indian Community of the Annette Islands Reserve that are eligible to administer their own TANF program but do not. We excluded other federally recognized Alaska Native entities from this survey that are not eligible to administer a tribal TANF program.

Many of the questions included in the questionnaires sent to tribal TANF programs and to other tribes were identical, so we were able to combine the responses from the two surveys into a single database. This database includes responses from tribes that have tribal TANF programs as well as tribes that do not have tribal TANF programs. The database, which is used primarily to report findings on the economic conditions on reservations, does not include responses from tribal TANF programs operated by consortia because tribal TANF consortia were not asked to provide information about economic conditions on the reservations of each of their members. Of the 370 individual tribes that were sent surveys, 147 responded to the survey, for a response rate of 40 percent.

Not all respondents to the survey answered every question because not all questions applied to every respondent, and some respondents chose not to answer one or more of the questions that did apply to them. As a result, individual survey questions often had fewer answers than the total number of respondents to the survey.

Site Visits

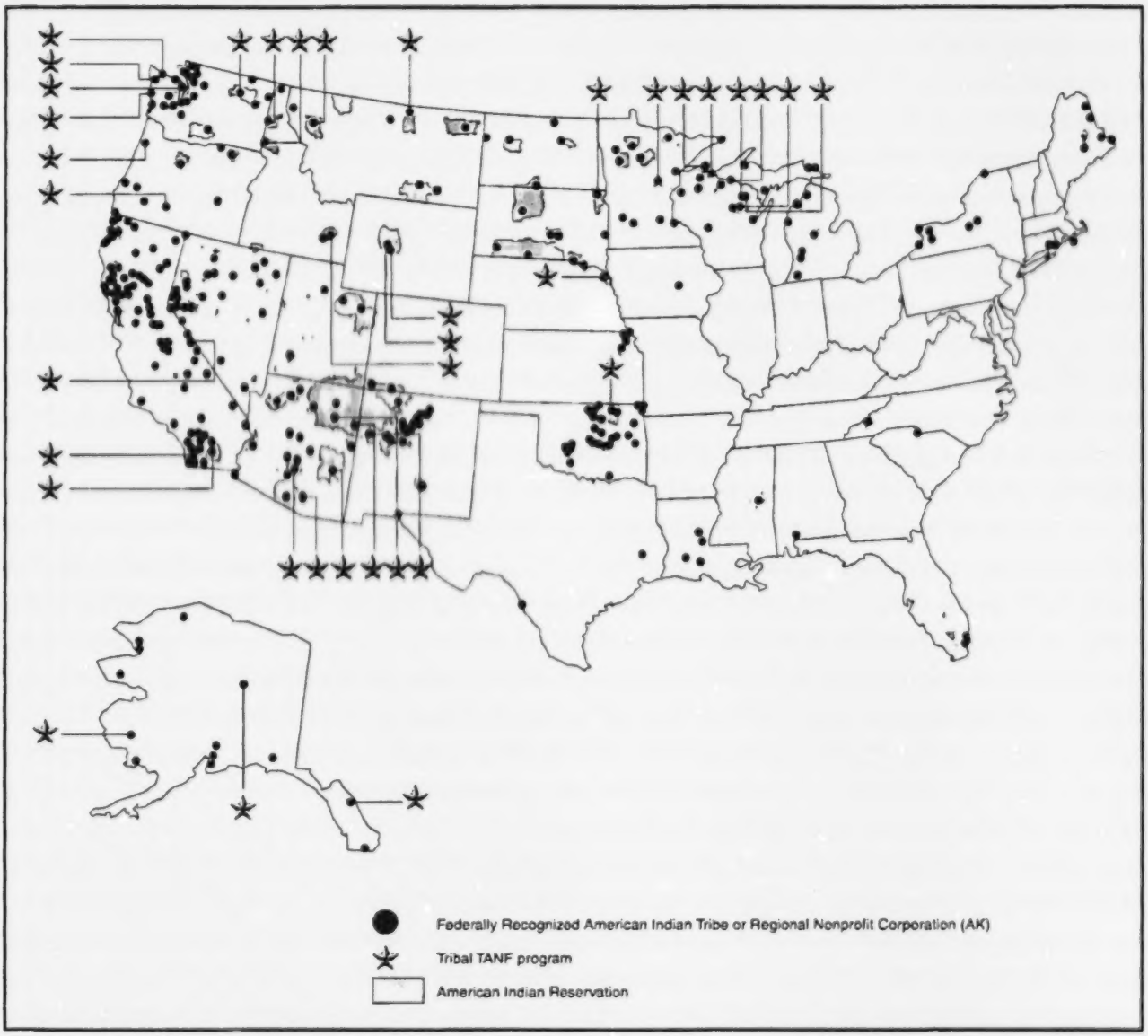
We also visited state TANF programs in Arizona, Idaho, Montana, North Dakota, and South Dakota; seven tribes that had implemented or were beginning to implement tribal TANF programs; and five that have decided not to implement tribal TANF programs across these five states. We selected states or tribes to visit based on a variety of factors, such as the number of American Indians receiving TANF, whether TANF was provided through a state program or a tribal TANF program, whether tribes were administering their own programs or not, the length of time tribes had been operating their own TANF programs, and geographic location. We discussed TANF issues with tribal leaders and tribal social service officials as well as state TANF officials in each of the five states.

Last, we reviewed the literature concerning the impact of welfare reform on American Indians and discussed this subject with federal officials at HHS' Administration for Children and Families and the Department of the Interior's Bureau of Indian Affairs, representatives of the National Congress of American Indians (NCAI) and the Indian and Native American Employment and Training Coalition, academic experts from the Kathryn M. Buder Center for American Indian Studies at Washington University in St. Louis and the Udall Center for Studies in Public Policy at the University of Arizona. In addition, we attended two tribal TANF conferences organized by NCAI and a meeting of the Southwest Tribal TANF Consortia, which is composed of Arizona tribes, and met with representatives of the Montana Tribal Welfare Reform Consortia.

Appendix II: Tribal TANF Programs

State	Programs
Alaska	Association of Village Council Presidents
	Central Council Tlingit and Haida Indian Tribes of Alaska
	Tanana Chiefs Conference, Inc.
Arizona	Pascua Yaqui Tribal Council
	Navajo Nation (also in New Mexico and Utah)
	White Mountain Apache Tribal Council
	Hopi Tribal Council
	Salt River Pima-Maricopa Indian Community Council
California	Owens Valley Career Development Center
	Southern California Tribal Chairmen's Association
	Torres-Martinez Desert Cahuilla Indians
Idaho	Coeur d'Alene Tribal Council
	Nez Perce Tribal Executive Committee
	Shoshone-Bannock Tribes of the Fort Hall Reservation
Minnesota	Mille Lacs Reservation Business Committee
Montana	Confederated Salish & Kootenai Tribes, Tribal Council
	Fort Belknap Community Council
Nebraska	Winnebago Tribal Council
New Mexico	Pueblo of Zuni
Oklahoma	Osage Tribal Council
Oregon	Klamath General Council
	Confederated Tribes of Siletz Indians
South Dakota	Sisseton-Wahpeton Sioux Tribal Council
Washington	Lower Elwha Tribal Council
	Quinault Indian Nation - Business Committee
	Colville Business Council
	Port Gamble S'Klallam Tribe
	Quileute Tribal Council
Wisconsin	Bad River Band of Lake Superior Tribe of Chippewa Indians
	Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin
	Stockbridge Munsee Community of Wisconsin
	Sokaogon Chippewa (Mole Lake) Community of Wisconsin
	Lac du Flambeau Band of Lake Superior Chippewa Indians of Wisconsin
	Forest County Potawatomi Community of Wisconsin
Wyoming	Northern Araphaho Tribe (Wind River)
	Shoshone Business Committee

Figure 12: Map of Federally Recognized American Indian Tribes, Alaska Nonprofit Corporations, and Tribal TANF Programs


Federally Recognized American Indian Tribe or Regional Nonprofit Corporation (AK)
Tribal TANF program
American Indian Reservation

Appendix III: Tribal TANF Work Activities

Table 6:Activities That Count Toward Meeting Work Participation Rate Requirements As Defined by Tribal TANF Programs

Tribe	Cultural activities	Counseling/ treatment
Alaska		
Association of Village Council Presidents		
Central Council Tlingit and Haida Indian Tribes of Alaska		
Tanana Chiefs Conference, Inc.		
Arizona		
Pascua Yaqui Tribal Council		
Navajo Nation	X	
White Mountain Apache Tribal Council		
Hopi Tribal Council		
Salt River Pima-Maricopa Indian Community Council		
California		
Owens Valley Career Development Center	X	X
Southern California Tribal Chairmen's Association		
Torres-Martinez Desert Cahuilla Indians	X	X
Idaho		
Coeur d'Alene Tribal Council		X
Nez Perce Tribal Executive Committee	X	X
Shoshone-Bannock Tribes of the Fort Hall Reservation		X
Minnesota		
Mille Lacs Reservation Business Committee		
Montana		
Confederated Salish & Kootenai Tribes, Tribal Council	X	
Fort Belknap Community Council	X	X
Nebraska		
Winnebago Tribal Council	X	
New Mexico		
Pueblo of Zuni		
Oklahoma		
Osage Tribal Council		
Oregon		
Klamath General Council		
Confederated Tribes of Siletz Indians		
S. Dakota		
Sisseton-Wahpeton Sioux Tribal Council		

Self-employment	Life Skills/ parenting	Subsistence activities	Post-secondary	NEW* participation	Commuting time	Same as PRWORA
		X				
						X
		X				
						X
					X	
						X
						X
						X
X	X		X	X		
				X		
X	X		X	X		
	X					
X		X			X	
	X	X				
X						
	X		X			
	X					
X						
						X
						X
						X
						X

Tribe	Cultural activities	Counseling/ treatment
Washington		
Lower Elwha Tribal Council	X	X
Quinault Indian Nation - Business Committee	X	X
Colville Business Council	X	X
Port Gamble S'Klallam Tribe	X	X
Quileute Tribal Council	X	X
Wisconsin		
Bad River Band of Lake Superior Tribe of Chippewa Indians	X	X
Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin		
Stockbridge Munsee Community of Wisconsin		
Sokaogon Chippewa (Mole Lake) Community of Wisconsin		
Lac du Flambeau Band of Lake Superior Chippewa Indians of Wisconsin	X	
Forest County Potawatomi Community of Wisconsin		
Wyoming		
Northern Araphaho Tribe (Wind River)		
Shoshone Business Committee		

[a] Participation in a tribal Native Employment Works (NEW) program, a tribally administered work activities program.

Self-employment	Life Skills/ parenting	Subsistence activities	Post-secondary	NEW[a] participation	Commuting time	Same as PRWORA[b]
X		X				
X		X	X			
X		X				
X						
						X
						X
						X
						X
	X					

Appendix IV: Comments from the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

JUN 24 2002

TO: Cynthia M. Fagnoni
Director, Education, Workforce,
and Income Security Issues

FROM: Wade F. Horn, Ph.D.
Assistant Secretary
for Children and Families

SUBJECT: Comments on the GAO Draft Report: "Welfare Reform: Tribal TANF Allows Flexibility to Tailor Programs, but Conditions on Reservations Make it Difficult to Move Recipients into Jobs." (GAO-02-768)

Attached are the Administration for Children and Families' comments on the GAO Draft Report: "Welfare Reform: Tribal TANF Allows Flexibility to Tailor Programs, but Conditions on Reservations Make it Difficult to Move Recipients into Jobs." (GAO-02-768).

If you have any questions regarding our comments, please contact Clarence H. Carter, Director, Office of Community Services at (202) 401-9333.

Attachment

COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES ON THE GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, "WELFARE REFORM: TRIBAL TANF ALLOWS FLEXIBILITY TO TAILOR PROGRAMS, BUT CONDITIONS ON RESERVATIONS MAKE IT DIFFICULT TO MOVE RECIPIENTS INTO JOBS" (GAO-02-768)

The Administration for Children and Families (ACF) appreciates the opportunity to comment on this draft report, which provides useful information about the Temporary Assistance for Needy Families (TANF) Program in Indian Country.

General Comments

As reflected in your report, Congress included provisions in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act that give tribes the opportunity to administer TANF programs in the same manner as states, rather than receiving benefits and services from state TANF programs. Tribes can administer these programs on reservations, in designated "near reservation" areas, and with concurrence from the affected state, in external areas. They have the option of administering these programs either alone or as part of a consortium.

In recognition of the difficult economic conditions, geographic situations, lack of jobs, and lack of education and work preparedness, and other unique factors contributing to extremely high unemployment and poverty, the law and the implementing regulations promulgated by the Department of Health and Human Services (HHS) allow more flexibility to tribes in designing their programs to meet TANF requirements and achieve the goals of welfare reform.

Within HHS, the ACF has been working with tribes to assist them in designing their TANF plans in such a way as to reflect each tribe's unique situation and meet their service population's needs. In addition, tribes are strongly encouraged to work with state and local governments, strengthening, or in some cases developing, a working relationship based on collaboration, communication and cooperation.

GAO Recommendation

That HHS provide assistance to tribes to better enable them to determine the feasibility of implementing their own TANF programs and to ensure that they have access to information about strategies other tribal TANF programs have used to help move recipients into productive work activities so they can develop better programs that respond to economic conditions on reservations.

ACF Comment

We agree that providing information to tribes to determine the feasibility of implementing their own TANF programs and to ensure that they have access to information about strategies utilized by other tribal TANF programs to help move recipients into productive work activities is important.

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When a tribe expresses an interest in developing a TANF plan and administering a TANF program, we provide them with copies of approved plans for their perusal. We also encourage tribes to contact existing tribal TANF programs. In addition, as the plan is developed, we work with the tribe offering comments and advise on the elements of the plan and strategies for implementation.

Recognizing the need for additional training and technical assistance, HHS will work with tribes on issues such as strategic planning, information systems, financial management, performance goals and tracking, and staff development. In addition, we will share information on innovative and creative strategies that could make programs more successful in meeting the tribes' needs. Finally, we will work with the tribes to determine how to make federally sponsored technical assistance activities most effective for the tribes.

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Appendix V: GAO Contacts and Staff Acknowledgments

GAO Contacts

Clarita A. Mrena, (202) 512-3022
Kathryn A. Larin, (202) 512-5045

Staff Acknowledgments

In addition to those named above, Carolyn S. Blocker, Mark E. McArdle, Robert D. Sampson, Joel I. Grossman, Catherine M. Hurley, and Corinna Nicolaou made key contributions to this report.

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